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Information in this brochure may be updated and revised as HUD sales policies change. Changes will be published as they occur in the local newspapers where HUD advertises its properties for sale.

1 OPPORTUNITY IS KNOCKING

WELCOME to the opportunity to sell HUD Homes. As a real estate professional who would like to sell homes through our sales program, this edition of HUD's WELCOME Book is for you.

This guide to selling HUD Homes provides you with information on HUD's sales methods. Keep it handy. Along with our current listings, it can be one of your most important tools.

WHAT IS A HUD HOME?

HUD acquires single family homes, townhouses and condominiums when lenders foreclose and file a claim under the FHA-insured mortgage program. HUD pays the insurance claim, receives title and puts the home up for sale. Because HUD does not sell homes independently, we rely on you, the experienced real estate professional, to provide the vital link between HUD and the prospective home buyer.

WHO CAN SELL HUD HOMES?

Any real estate broker who signs the HUD Broker Certification/Non-discrimination form and the Agreement to Abide by HUD's Earnest Money Policy can show, advertise and submit offers on HUD homes. The agreements (Appendix 2 and 3) must be renewed annually. Although we require the employing broker's signature on most HUD forms and contracts, any sales agent in that broker's office can show and sell HUD Homes.

WHO CAN BUY HUD HOMES?

Any lender-qualified buyer can offer to buy a HUD Home regardless of race, color, religion, sex or national origin.

WHY SELL HUD HOMES?

HUD is a prime source of open listings. HUD Homes are available in a wide variety of prices and styles throughout your market area.

- HUD Homes are priced at fair market value and are reevaluated often to reflect current market conditions.

- HUD pays up to 6 percent, non-split commission on sales of its open listings.
- HUD may pay loan origination fees and reasonable discount points.
- HUD provides the advertising of its open listings in the classified section of your local newspaper(s).
- HUD can provide training to you and your sales staff on how to sell HUD Homes.

2 ADVERTISING– YOURS AND OURS

HUD lists its available homes in the local newspaper(s) weekend classified "homes for sale" section. Listings are updated weekly and are your best source of information on which HUD Homes are available in your area. HUD Homes may also appear in the Multiple Listing Service (MLS) in your area, so please look there, too.

HOW DO I READ A HUD AD?

HUD listings are packed with valuable information. Each ad shows the HUD case number, the address of the home, the type of home, whether or not it is eligible for FHA mortgage insurance (YES/NO) and a brief description of the home (square footage is approximate). Because we advertise many properties, mistakes in ads do occur. Real estate professionals should never allow prospective buyers to rely exclusively on the information in HUD advertisements to make buying decisions. A personal inspection of the home by the prospective buyer should always be done to make sure that it meets their needs and expectations.

HUD Homes are listed by area, by category and, occasionally, are grouped by price. There are four categories of HUD Homes.

OFFER PERIOD HOMES
A home that has just been offered for sale by HUD or a previously listed home that reflects new market terms is an Offer Period Home. In the interest of fairness, all offer period properties are available through a 3 or 10-day offer period and all offers received from specific geographic areas are opened together at a Sales Offer Opening at the end of the period.

EXTENDED LISTINGS
If no offer is accepted following a Sales Offer Opening, the home automatically becomes an Extended Listing. Offers on Extended Listings are received daily. Offers in this category are normally reviewed on the day of receipt. Normally, notification of acceptance is made within 24 hours.

RETURN TO MARKET
If an accepted offer does not close for any reason, we will re-list the home in this category. Since the terms have not changed, you can make an offer on Return to Market listings at any time after publication of availability. A 3-day offer period applies.

CHANGE IN TERMS
Sometimes the FHA-insurable status or some other condition of a home will change, often making the home more saleable. If, for instance, a home was offered uninsured but additional review showed the home was eligible, it would be offered in a new offer period under the category Change in Terms.

EQUAL HOUSING OPPORTUNITY

HOW DO I ADVERTISE A HUD HOME?

In addition to our regular listings, you may choose to advertise a HUD Home on your own. Since your ad increases the chances of selling the home, we invite and encourage you to do this as long as you follow these rules.

- DO NOT advertise a home before we have officially offered it for sale.
- DO NOT word your ad to state or imply that you have an exclusive sales listing.
- DO NOT word your ad to state or imply that HUD Homes are distressed properties or foreclosures.
- DO NOT use the HUD logo or other copyrighted material in your own ad.
- DO indicate that the house may contain lead-based paint if it was built prior to 1978.
- DO indicate the sale is an Equal Housing Opportunity (EHO) by displaying the EHO logo or slogan or by stating: "HUD Homes are offered to qualified purchasers without regard to the purchaser's race, color, religion, sex or national origin."

3 SHOWING HUD HOMES

Showing open-listed HUD Homes is easier than showing any other home. You can preview and/or show it any time after it has been advertised for sale by HUD.

HOW ARE HUD HOMES IDENTIFIED?

HUD places its own "For Sale" sign in the windows of open-listed homes immediately upon completion of the initial inspection by our contractors. This means that the home is being readied for sale. To determine whether it is actually on the market, call the HUD office in Fargo.

We don't allow company signs on HUD's open-listed homes. We do encourage you to place your company's "SOLD" sign on HUD Homes after we have accepted the buyer's contract.

HOW DO I GET IN THE HOUSE?

In order to obtain a HUD lockbox key, the agency broker must sign Appendix 2 (Nondiscrimination Certification) and Appendix 3 (Agreement to Abide by HUD's Earnest Money Policy). The broker may bring the signed appendices into the HUD office, show a pocket license card and a photo identification, and receive up to 5 HUD keys for sales associates. The broker may elect to mail in the signed appendices along with a copy of the pocket license card and photo identification card and receive keys in the mail.

Any sales agent in a real estate office that has the signed information on file with HUD may show a pocket real estate license along with photo identification and receive a HUD key at the HUD reception desk, or the necessary information may be mailed in.

Signed forms are kept on file at the HUD office. Agents may verify with the HUD office that the appendices for their company are on file and are current. The Nondiscrimination Certification and Agreement to Abide by HUD's Earnest Money Policy must be renewed annually for each office.

These keys are for the use of brokers and their sales agents only! Don't give lockbox keys to prospective buyers.

Please do not remove the house key from the lockbox when you submit an offer. Removing the key may prevent other potential home buyers from viewing the home and will delay acceptance of any offer on the home. Removal of the house key may result in re-advertisement of the home. The broker may not remove the lockbox from the home when it goes Under Contract because this prevents HUD from inspecting the home regularly until closing occurs.

CAN I HOLD AN OPEN HOUSE?

Having an open house is an excellent way to sell a HUD Home, and it's easy. To schedule an open house, call our Fargo office at (701) 239-5666.

You can schedule an open house for any HUD Home available for sale. For homes in the Offer Period, we will limit your office to either one morning or afternoon open house per weekend.

Open house signs are encouraged. Your company's sign may be placed in front of the house only during the open house hours and all company signs must be removed immediately afterwards.

4 THINGS BUYERS SHOULD KNOW

When you're showing a buyer a HUD Home, make sure to explain HUD's sales program.

- The buyer may offer any price on a HUD Home. Our estimated value of the home is shown in the listing ad.

- Some sales promotions may require an offer at the listed price to qualify for the promotion. Our advertisements will indicate the requirements for each sales promotion. This does not preclude a buyer from submitting an offer below that price; however, the incentives associated with the promotion will not be available to a successful buyer who offers less than our list price.

- Buyers must make sure the home is in the condition they are willing to accept. Encourage them to inspect the home thoroughly. HUD does not guarantee the condition of any home, FHA-insured or not, or whether it meets local code and/or zoning requirements.

- HUD MAKES NO WARRANTIES ON ITS HOMES. All HUD Homes are sold in AS-IS condition. Encourage the buyer to have a professional inspection of the home. An addendum for that purpose is available in Appendix 8.

- To make an offer, a buyer must pay $500 earnest money which you will hold in your trust account. Earnest money is generally not refundable if a contract is accepted but doesn't close.

- All sales are cash to HUD. The buyer is responsible for obtaining financing, if necessary, to make sure the sale closes within the term of the contract.

- Homes built before 1978 with defective paint surfaces will have those surfaces treated by HUD prior to closing.

- NO REPAIRS MAY BE MADE BY THE BUYER OR THE BUYER'S CONTRACTOR UNTIL AFTER CLOSING.

- The buyer may not move any possessions into the house or live in it before closing the sale.

DOES HUD FINANCE THE HOME?

No, we don't finance homes under our sales program. However, many homes are offered for sale with FHA mortgage insurance. FHA eligibility is shown for each home in the listing ad. When the ad indicates "YES," any FHA approved lender may make an FHA insured loan on the home provided the buyer is qualified.

If the ad indicates "NO," you may be looking at a HUD Home that needs some repairs. You might ask your lender about the FHA 203(k) loan program. This insured loan program is available on all single family homes offered for sale from HUD. This program is not available for condominiums. Through this program, a lender can provide funds for rehabilitation along with the mortgage. A minimum of $5,000 in repairs or improvements is required on the home for it to qualify.

Another program that may be indicated in the listing ad is the Mortgage with Repair Escrow Program. Under this program, homes requiring less than $5,000 in repairs may be FHA insured with a cash escrow established to complete the repairs. This program is for owner-occupants only. HUD will provide the list of required repairs to potential buyers. Only homes advertised specifically for this program are eligible.

5 MAKE US AN OFFER

Except for those homes offered through exclusive listings, HUD sells homes only through sealed offers. The offer must be submitted on a HUD Standard Retail Sales Contract (HUD-9548 dated 7-89). The envelope MUST have the following information marked on the OUTSIDE:

Company or Broker's name and address and addressed to HUD Offer—Do Not Open, HUD-FHA Office, P.O. Box 2483, Fargo, ND 58108-2483 (see example below).

The HUD case number and address of property, plus opening date for offers from HUD ad (see example below).

For Extended Listings and Return to Market homes, please mark "Extended Listing Offer" or "Return to Market Offer" on the envelope. If you do not include this information on the envelope, the opening and review of your offer may be delayed. Marking your envelope correctly will make it easier to get it to the right area and opened timely.

WHAT IS AN OFFER OPENING?

HUD Homes listed as Offer Period Properties or Change in Terms are open to offers for 3 to 10 days culminating in an Offer Opening. Offers are accepted until 4:30 p.m. on the date shown in the ad. The following business day, HUD will open the offers at the HUD office in Fargo.

We will announce the prospective buyer's name, the broker's name, the amount of the offer, the dollar amount the buyer has asked HUD to pay toward financing costs, and the broker's stated commission. Offer Openings are open to the public, and we encourage both brokers and prospective buyers to attend. Normally, HUD will review all the offers and make a decision within 24 hours of the offer opening.

Offers on Extended Listings and Return to Market homes may be made between 8:00 a.m.-4:30 p.m. of any business day. HUD will notify a broker agent only of an accepted contract, usually within 24 hours.

If no Offer Opening date, use "Extended Offer", "Return to Market", etc.

WHAT FORMS DO I NEED TO FILL OUT?

The following items must be submitted for an offer on a HUD home to be complete:

- HUD Sales Contract (Form HUD-9548)
- Attention Purchaser (AS-IS) Addendum (Appendix 6)
- Lead Based Paint Addendum (if home was built prior to 1978 and is advertised with LBP) Appendix 4
- Optional Addenda:
  Professional Property Inspection (Appendix 7)
  VA Escape Clause (required on VA financed sales)
  Incentive Information (only as advertised available by HUD)

Be sure to complete the envelope correctly as shown on page 9.

WHERE CAN I GET HUD SALES CONTRACTS?

Sales contracts for you or your sales staff may be ordered in writing or picked up in person from:

HUD-FHA
P.O. Box 2483
Fargo, ND 58108-2483

WHERE DO I SEND THE OFFER?

Offers on HUD Homes should be sent to:

HUD-FHA
P.O. Box 2483
Fargo, ND 58108-2483

Offers may be hand-delivered to our office. Offer period contracts, hand-delivered, will not be accepted after 4:30 p.m. the day prior to opening.

Obviously, we cannot be responsible for untimely mail delivered offers.

MAY THE BUYER MAKE MORE THAN ONE OFFER?

HUD will not accept multiple offers from the same buyer. Homebuyers may submit only one offer on one home at a time. Buyers may not withdraw offers and re-submit on the same property at a lower price.

6 THE HUD SALES CONTRACT

A sample of a completed HUD Retail Sales Contract for open-listed houses is in Appendix 1 of this book. Take special care to fill the form out accurately and completely, since incomplete or inaccurate contracts may not be considered by HUD.

A FEW TIPS ON FILLING OUT A HUD SALES CONTRACT

To help insure that your contract is filled out accurately and completely, take a few minutes to read the following item-by-item walk through of a HUD Sales Contract.

ITEM 1: LEGAL DESCRIPTION
If the legal description of the property is too long, you may simply include the statement, "as set out more particularly in the deed conveying the property to the Secretary of Housing and Urban Development."

ITEM 2: NAMES
HUD will prepare the deed to transfer title according to the names that appear under this item, so be sure this reflects how the buyer(s) wishes the title to appear. This item MUST be completed. HUD does not permit assignment of contracts.

ITEM 3: EARNEST MONEY
By signing the sales contract, you are certifying that you are holding $500 earnest money from the buyer.

ITEM 4: FHA DOWN PAYMENTS
If the buyer is taking advantage of FHA-insured financing and the home has been offered as eligible for an FHA-insured loan, this block must be checked.

If the buyer is taking advantage of a down payment incentive being offered by HUD, the correct amount must be indicated in the down payment blank. This will ensure the offer is evaluated properly.

ITEM 5: COST OF FINANCING
The buyer may request that HUD pay some of the costs for financing or closing the sale. HUD may pay the loan origination fee and reasonable discount points not to exceed a stated percentage of the offer price shown on Line 3 of the Sales Contract. HUD will pay normal seller prorations at closing. Do not include those expenses on the contract.

The cost of buydowns, which HUD may have arranged with certain lenders and advertised as available, must also be shown on this line. Amounts appearing on Line 5 may not exceed a certain percentage of the sale price. This percentage may change from time to time, so you should check with the HUD Property Sales office if you do not know the current maximum rate which may be permitted here. Please also see, "WHAT WILL HUD PAY FOR?" in Section 8 of this booklet for further information on this item.

ITEM 6: SALES COMMISSION
For open-listed homes, this line may not exceed 6% of the amount on Line 3 unless otherwise advertised by HUD.

ITEMS 1 THROUGH 11 MUST BE COMPLETED. AN INCOMPLETE CONTRACT COULD RESULT IN AN OFFER NOT BEING ACCEPTED.

ITEMS 4, 5, 6 AND 7:
CALCULATING HUD'S NET RETURN
All of these items REQUIRE dollar amounts. We do not calculate commission, points or other percentages into dollar amounts for you. Remember HUD is looking for the offer with the greatest net return (ITEM 7) that is complete and has terms which HUD can accept. The formula for figuring net return is: Purchase price less the repair escrow amount (if advertised as available by HUD), financing/closing costs and broker's commission. Use of some special sales incentives may require a minimum net return on Line 7. Please review currently advertised incentives for guidelines.

ITEM 8: OCCUPANCY
Since FHA-insured mortgages differ for owner-occupants and investors, it is important that you fill out this item correctly. Misrepresenting the buyer as an owner-occupant may constitute fraud.

ITEM 9: CLOSING DATE
This is the buyer's commitment to close the sale by a specified date. HUD expects a closing within 60 days of our acceptance of the offer, but we encourage you to close the sale as soon as possible. You may simply put into this blank "60 days from acceptance."

ITEM 10: BACK-UP OFFERS
If HUD does not accept the offer, we may hold it as a back-up in case the accepted offer should fail to close. You must indicate if the buyer will accept being a back-up offeror.

ITEM 11: ADDENDA
The "Attention Purchaser" addendum (Appendix 6) is required with all HUD Sales Contracts (Block 11 must be checked). All HUD Homes are sold in "AS-IS" condition. HUD does not provide a homeowner's warranty.

If the home was built prior to 1978, you must include a Lead-Based Paint Addendum (Appendix 4).

If a professional inspection contingency is to be an addendum with your contract, it must contain specific language. See Appendix 7. The professional inspection of the operating systems must be completed within 10 days of contract acceptance at the buyer's expense.

If a purchaser will be applying for a VA loan, the VA Escape Clause should accompany the contract as an addendum.

State or local bond issue financing addenda should also be included when the offer is submitted.

If you have other necessary pages, they should be stapled or paper clipped to the contract.

If you have questions about the conditions or terms you may request in an addendum, please call our office. Don't lose your sale by attaching an addendum that we can't accept.

ITEM 12: CONDITIONS OF SALE
Be sure the buyer(s) reads and understands all the conditions listed on the back of the sales contract. As our agent, it's your responsibility to explain these conditions.

If you are unsure of any of the conditions, please obtain clarification prior to writing an offer.

Purchasers must initial condition "C" on the back of the Sales Contract. This condition assures that the buyer understands the earnest money may not be refunded if the sale does not close.

ITEMS 1 THROUGH 11 MUST BE COMPLETED. AN INCOMPLETE CONTRACT COULD RESULT IN AN OFFER NOT BEING ACCEPTED BY HUD.

BROKER'S SIGNATURE

HUD requires the agency broker sign the sales contract. This should be the same name that appears on the HUD Broker Certification/ Non-Discrimination form and the Agreement to Abide by HUD's Earnest Money Policy. The date the Agreement to Abide was signed MUST be shown under the Certification of Broker. BE SURE THIS ITEM IS FILLED IN.

Don't forget to insert the full name and address of the company making the offer and *please include the Agent's name.* Please use only the Federal Tax ID number of the company and if no ID number, use only the broker's social security number.

WHAT DO I TELL THE BUYER ABOUT LEAD-BASED PAINT?

HUD has initiated a nationwide effort to alert homebuyers to the hazards of older homes which may contain lead-based paint (LBP). If you are making an offer on a home constructed prior to 1978, you will need to inform the buyer that there may be lead-based paint on the premises. Owner-occupant purchasers must fill out the LBP Addendum and include it with the offer. An informative article "Watch Out for Lead Poisoning," and the LBP Addendum are provided in Appendices 4 and 5 of this book. You MUST provide buyers of homes built before 1978 with copies of the article. Treatment of defective paint surfaces will be completed by HUD prior to closing.

7 ACCEPTING THE BUYER'S OFFER

Following the Offer Opening, HUD makes every effort to review and accept offers and notify brokers/agents as quickly as possible. Normally, brokers with accepted contracts will be notified within 24 hours of the Offer Opening. Accepted contracts are confirmed by telephone. Counter offers may also be made by telephone. Back-up offers and rejected offers are returned promptly by mail.

HOW DOES HUD DECIDE TO ACCEPT AN OFFER?

HUD generally accepts the offer bringing the greatest net return after considering the offer price, the costs to HUD and any conditions the buyer has requested. Offers including special incentives must comply fully with the terms of the advertised incentive program. HUD RESERVES THE RIGHT TO REJECT ANY AND ALL OFFERS OR TO WITHDRAW ANY PROPERTY PRIOR TO THE OFFER OPENING. Be sure your offer is complete so it may be considered.

COUNTER OFFERS

If the offer(s) received on a property are close to a price HUD might accept, HUD may make a counter offer. HUD will counter only if we consider it likely to result in an acceptable offer. Low offers may simply be rejected with no counter. If you have a low offer that was rejected, you may submit another higher offer to HUD if you like. HUD is not required to counter any offer.

If a counter offer is being made, the realty specialist will call you with the approved minimum net counter offer and ask that you submit a new offer. They will tell you how many other offers are also being countered on the same home. Counter offers should be submitted to HUD in the same manner as all other offers. The envelope *must* be clearly marked *COUNTER OFFER*.

All counter offers received will be handled the same as extended listings. If the home is in an extended listing or return to market period and other acceptable offers are received during the counter period, those offers will also be considered and may be accepted, terminating the counter.

BACK-UP OFFERS

If the buyer(s) wants his/her offer to be held as a back-up offer, be sure to check the appropriate space on ITEM 10 of the Sales Contract. HUD may keep up to three back-up offers following an Offer Opening. If the first contract fails to close, the other offers will be considered in the order of acceptance. Back-up offers are not normally accepted on Extended Listings or Return to Market listings, or considered once the home is under contract.

EARNEST MONEY

The broker's signature on the HUD contract signifies the earnest money is being held for HUD by the real estate agency. If HUD does not accept a buyer's contract, earnest money must be returned to the buyer. If HUD holds a contract as a back-up, you may return the earnest money to the buyer until the contract is accepted.

8 CLOSING THE SALE

After we have notified you by phone that we have accepted an offer, we will mail you a package of items including:

- A copy of the accepted contract.
- A Broker's Checklist with information on your responsibilities for closing the sale.
- A lender letter that must be completed and returned to HUD.

CAN I GET AN EXTENSION ON THE CLOSING DATE?

HUD may allow extensions beyond the 60-day closing period. Extensions will be granted at the sole discretion of HUD based on the facts of each case. To request an extension, you must complete the appropriate form (Appendix 8), have the buyer(s) sign it and provide a written justification for the extension. For example, if more time is needed for loan approval, the purchaser must provide written evidence from the mortgage company that loan approval is imminent. HUD needs to know why the extension is needed, and based on your answer will determine if the request is valid.

Extensions will be granted for 15 or 30 days only. Requests must be accompanied by a non-refundable fee of $10 per day times the number of days requested. The fee must be in certified funds and be made payable to HUD. No more than two extensions may be granted.

At the time of closing, the fee will not be applied to the amount due from the purchaser. If closing occurs in less time than was approved for the extension, the purchaser will be credited with $10 per day for any unused portion of the extension period. If the extension is denied, the extension fee is immediately returned to you to be given back to the buyer. If the extension is approved and the sale fails to close for any reason, the extension fee will be forfeited.

If you need an extension, be sure you submit it early enough for HUD to receive it prior to the contract expiration date. Extension requests received after the contract has expired will not normally be considered. If the sales contract has expired, the home will be returned to the market and the earnest money forfeited.

HUD recommends you use the extension agreement in Appendix 8 of this book. If you choose to use your own form, it must contain the following language:

> "The purchaser agrees that the extension fee submitted herewith will not be refunded if the property does not close by the above date or such other date agreed to in writing by both the purchaser and HUD. At the time of closing, the fee will not be applied to the amount due from the purchaser. If closing occurs in less time than was approved for the extension, the purchaser will be credited with $10 per day for any unused portion of the extension period."

WHAT WILL HUD PAY FOR?

HUD will pay seller costs at closing including delinquent water and sewer bills, prorated taxes, and any homeowners association dues related to HUD's ownership.

In addition, HUD may pay actual legitimate financing and closing costs up to the amount agreed to on Line 5 of the sales contract. These costs are for loan origination fees and discount points. The total paid by HUD will not exceed actual expenses or the amount on Line 5, whichever is less.

No portion of the Line 5 amount will be paid to the buyer. Similarly, discount points and origination fees will be recognized and paid *only* to commercial lending institutions regularly engaged in the practice of making real estate loans.

HOW DO I CLOSE ON A HUD HOME?

Once you're ready to close, you must notify HUD or HUD's closing agent 5 days before closing. When you call to set up the closing, please be prepared to provide settlement figures. HUD requires figures 5 days in advance to prepare closing documents. Please do not rely on the lender or some other person to set a firm closing date with HUD or a closing agent.

You may hold a closing at any place convenient to you and the buyer; however, in areas where HUD has a closing agent, you must coordinate the closing through the agent.

IF THERE IS NO HUD CLOSING AGENT AND YOU ARE COMPLETING THE CLOSING, the following items will be sent to you:

- Financing and Closing Costs sheet
- Notice to Closer
- Signed Deed
- Authorization Letter
- Addendum to HUD-1 Settlement Sheet
- SAMS 1103 Wire Transfer form (for use in wire transferring funds to HUD)

If there is a delay in closing or the closing is cancelled, you must notify HUD immediately.
NO CLOSINGS MAY BE DONE IN ESCROW.

HOW DOES HUD GET PAID?

HUD will only accept certified funds or their equivalent at closing. If funds for closing are being wired from a bank, they must be available in the closing agent's account prior to closing.

WHAT HAPPENS AFTER THE CLOSING?

All sales proceeds must IMMEDIATELY be wire transferred to HUD. The bank must use the SAMS 1103 wire transmittal form to ensure net proceeds are transferred into the HUD account. Wire transfers must be completed by the next business day.

After the closing, you must immediately record the deed and transfer the utilities to the buyer.

The following items must be returned to HUD WITHIN TWO DAYS OF CLOSING:

- The original copy of the Property Sales and Letter Contract Agreement.
- HUD-1 Settlement Sheet properly signed by all parties.
- Addendum to HUD-1 Settlement Sheet with all signatures.
- Receipts for payment of all items deducted from proceeds.
- A copy of the wire confirmation.

WE WANT OUR STUFF BACK!

Any HUD signs and lockboxes remaining in the home after closing must be returned by the selling agent to the HUD office or HUD's Area Management Broker within 2 days of closing.

WHAT IF THE SALE DOESN'T CLOSE?

Please call us as soon as you know your buyer isn't going to close so that we can return the home to the market.

Generally, if a home was eligible for and was to be purchased with FHA insurance, HUD will authorize return of earnest money to the buyer when we have received two documents. We must have from the lender a copy of the loan denial which clearly shows the type of loan applied for on the subject property, and that the purchaser or the property does not qualify, with specific reasons for disqualifications. We must also have a letter from the broker stating that the contract has failed, and requesting authorization to return the earnest money. DO NOT RETURN EARNEST MONEY UNTIL AUTHORIZED TO DO SO.

If a buyer is going to apply for a VA loan, the standard VA Escape Clause should have accompanied the contract as an addendum. If a purchaser or property is denied a VA loan, we will generally authorize return of the earnest money upon receipt of the documents mentioned in the above paragraph, PROVIDED HUD was made aware it was a VA loan at the time of the contract acceptance, and an escape clause was signed. DO NOT RETURN EARNEST MONEY UNTIL AUTHORIZED TO DO SO.

HUD will consider, on a case-by-case basis, other contract failures. If the buyer wants us to consider the circumstances for a possible refund, he/she may send a written request explaining the situation. We may authorize return of up to one-half of earnest money on denied conventional loans to owner-occupants after we have been provided the appropriate documents—lender denial and letter from broker. DO NOT RETURN ANY PORTION OF EARNEST MONEY UNTIL AUTHORIZED TO DO SO.

Failure to close the sale generally means forfeiture of earnest money. All monies not authorized to be returned to the buyer must be forwarded promptly to HUD.

1

APPENDIX

SALES CONTRACT

WITH FHA FINANCING

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner
Property Disposition Program

OMB Approval No. 2502-0306 (exp. 9-30-92)

1. I (We), John W. Doe and Mary L. Doe (Purchaser(s)) agree to purchase on the terms set forth herein, the following described property in Happy Valley County, State of Peaceful.
HUD Case No. 000-000000-000
The legal description of the property is: Lot one (1) of Block two (2) of the Harmony Subdivision, County of Happy Valley, Peaceful
The address is: 100 Easy Street, Bliss, 000000
(Street Number, Street Name, Unit Number, if applicable, and City)

2. The Secretary of Housing and Urban Development (Seller) agrees to sell the property described above at the price and terms set forth herein, and to prepare a deed containing a covenant which warrants against the acts of the Seller and all claiming by, through or under him. Title will be taken in the following name(s) and style: John W. Doe and Mary L. Doe, as joint tenants

3. The agreed purchase price of the property is ..... ➤ 3. $ 75,000
Purchaser has paid $ 500 as earnest money to be applied on the purchase price, and agrees to pay the balance of the purchase price, plus or minus prorations, at the time of closing, in cash to Seller.
The earnest money deposit shall be held by Broker's Name and Company

4. ( ) Purchaser is applying for HUD/FHA insured financing with a down payment of $ 100 or minimum in cash due at closing and the balance secured by a mortgage in the amount of $ Maximum for 360 months (does not include HUD/FHA Mortgage Insurance Premium).
( ) Said mortgage involves a repair escrow amounting to ..... ➤ 4. $
( ) Purchaser is applying for conventional or other financing not involving HUD/FHA insured financing.

5. Seller will pay reasonable and customary, but not more than actual, costs of obtaining financing and/or closing (not including broker's commission) in an amount not to exceed ..... ➤ 5. $ 2,250

6. Upon sales closing, Seller agrees to pay to the broker identified below a commission of ..... ➤ 6. $ 4,500

7. The net amount due Seller is ..... ➤ 7. $ 68,250
(Purchase price, Item 3, less Item 4 escrow, if any, less Items 5 and 6)

8. Purchaser (X) will ( ) will not occupy this property as the primary residence.

9. The sale shall close not later than 60 days from acceptance of this contract.
Closing shall be held at Place determined by HUD

10. If Seller does not accept this offer, Seller (X) may ( ) may not hold such offer as a back-up to accepted offer.

11. (X) An addendum is attached hereto and made part of this contract.

12. This contract is subject to the Conditions of Sale on the reverse hereof, which is incorporated herein and made part of this contract.

Certification of Purchaser - The undersigned certifies that in affixing his/her/its signature to this contract he/she/it understands all the contents thereof (including the Conditions of Sale) and is in agreement therewith without protest.

Purchaser(s): (type or print names, social security nos., and sign)
John W. Doe, 000-00-0000 John W. Doe
Mary L. Doe, 000-00-0000 Mary L. Doe

Purchaser(s) Address: 456 Pleasant Lane, Hometown, Peaceful 00000

Phone No.: (000)000-0000

Date Contract Signed by Purchaser(s): 5/31/90

Seller: Secretary of Housing and Urban Development
By: (type name and title, and sign)
X

Date Contract Accepted by HUD:

Certification of Broker - The undersigned certifies that: (1) neither he nor anyone authorized to act for him has declined to sell the property described herein to or to make it available for inspection or consideration by a prospective purchaser because of his race, color, religion, sex, or national origin; (2) he has executed and filed with HUD, form HUD-9556, Joint HUD-VA Nondiscrimination Certification (Sales Broker); and (3) he is in compliance with HUD's earnest money policy as set forth in Agreement to Abide executed on April 1, 19 90.

Name and Address of Broker (Include Zip Code)
Broker
Street Address
City, State Zip Code Agent's Name

Social Security No. or Employer ID No. of Broker (Include hyphens): 000-00-0000

Area Code & Phone No. of Broker: (000) 000-0000

Signature of Broker
X Sam Broker

This section for HUD use only. Broker notified of:
☐ Acceptance ☐ Back-Up No. _____
☐ Rejection ☐ Return Earnest Money Deposit

By
X

Date

Previous Editions are Obsolete

PLEASE INCLUDE AGENT'S NAME AS ABOVE, OR ENCLOSE CARD SO WE KNOW WHO TO CALL AND CONGRATULATE!!

form HUD-9548 (7/89)
ref. handbook 4310.5

1 APPENDIX

SALES CONTRACT CONTINUED

Conditions of Sale

A. All assessments, including improvement assessments which are available for payment without interest or penalty for advance payment, taxes, rent, and ground rent, if any, shall be prorated as of the closing date.

B. Purchaser will accept the property in the condition existing on the date of this contract. Seller does not warrant the condition of the property, including but not limited to mechanical systems and dry basement, or compliance with code requirements and will make no repairs to the property after execution of this contract.

C. Should Purchaser refuse or otherwise fail to perform in accordance with this contract, including the time limitation, Seller may, at Seller's sole option, retain all or a portion of the deposit as liquidated damages. The Seller reserves the right to apply the earnest money, or any portion thereof, to any sums which may be owed by the Purchaser to the Seller for rent.

Purchaser(s) Initials: _____

Seller's Initials: _____

D. Seller may rescind this contract and return Purchaser's earnest money deposit under the following conditions:

1. Seller has not acquired the property.
2. Seller is unable or unwilling to remove valid objections to the title prior to closing.
3. Seller determines that purchaser is not an acceptable borrower.

Tender of the deposit shall release the Seller from any and all claims arising from this transaction.

E. Risk of loss or damage is assumed by Seller until sale is closed, unless Purchaser takes possession of the property prior thereto, in which case state law shall apply. If the property is damaged prior to the date of closing, Seller reserves the right to terminate this contract. Tender of the earnest money deposit shall release the Seller from any claims arising from this transaction.

F. If this property is being offered with HUD/FHA insured mortgage financing available, Seller's acceptance of this contract constitutes a commitment to insure, conditioned upon Purchaser being determined by Seller or Direct Endorsement Underwriter to be an acceptable borrower, and further conditioned upon Seller's authority to insure the mortgage at the time the sale is closed.

G. Purchaser understands that Seller's listing price is Seller's estimate of current fair market value.

H. No member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

I. Purchaser warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial agencies maintained by the Purchaser except as provided herein. For breach or violation of this warranty, Seller shall have the right to annul this contract without liability or in its discretion to require Purchaser to pay, in addition to the contract price or consideration, the full amount of such commission, percentage, brokerage, or contingent fee.

J. Purchaser and Seller agree that this contract shall be binding upon their respective heirs, executors, administrators, successors or assigns but is assignable only by written consent of the Seller.

K. If this property was constructed prior to 1978, Seller has inspected for defective paint surfaces. Seller's inspection found no defective paint surfaces, or if defective paint surfaces were found, Seller has removed or will remove such defective surfaces in a manner prescribed by HUD prior to closing. **Purchaser understands and agrees that the Seller's inspection and/or removal is not intended to, nor does it guarantee or warrant that all lead-based paint and all potential lead-based paint hazards have been eliminated from this property.** Purchaser acknowledges that he has received a copy of a brochure which discusses the lead-based paint hazard.

L. The effective date of this contract is the date it is signed by the Seller.

M. If the amount stated in Item 5 (obverse) exceeds actual allowable financing and/or closing costs, according to the list of such allowable expenses provided to the Broker by Seller, such excess shall not be paid by Seller and may not be used by Purchaser to reduce amount(s) owing to Seller.

N. Seller's policies and requirements with regard to earnest money (including forfeiture thereof), extensions of time in which to close the sale, back-up offers, and allowable financing and/or closing costs are detailed in instructions issued to selling brokers.

O. This contract contains the final and entire agreement between Purchaser and Seller and they shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this contract.

form HUD-9548

1a APPENDIX

SAMPLE SALES CONTRACT

ALL CASH TO HUD

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner
Property Disposition Program

OMB Approval No. 2502-0306 (exp. 9-30-92)

HUD Case No. 000-000000-000

1. I (We), John W. Doe and Mary L. Doe (Purchaser(s)) agree to purchase on the terms set forth herein, the following described property in Happy Valley County, State of Peaceful
The legal description of the property is: Lot one (1) of Block Two (2) of the Harmony Subdivision,
The address is: 100 Easy Street, Bliss, Peaceful, 00000
(Street Number, Street Name, Unit Number, if applicable, and City)

2. The Secretary of Housing and Urban Development (Seller) agrees to sell the property described above at the price and terms set forth herein, and to prepare a deed containing a covenant which warrants against the acts of the Seller and all claiming by, through or under him. Title will be taken in the following name(s) and style: John W. Doe and Mary L. Doe, as joint tenants

3. The agreed purchase price of the property is ..... ▶ 3. $ 75,000
Purchaser has paid $ 500 as earnest money to be applied on the purchase price, and agrees to pay the balance of the purchase price, plus or minus prorations, at the time of closing, in cash to Seller.
The earnest money deposit shall be held by Name and address of Exclusive Listing Agency.

4. ( ) Purchaser is applying for HUD/FHA insured financing with a down payment of $ _____ in cash due at closing and the balance secured by a mortgage in the amount of $ _____ for _____ months (does not include HUD/FHA Mortgage Insurance Premium).
( ) Said mortgage involves a repair escrow amounting to ..... ▶ 4. $ n/a
( ) Purchaser is applying for conventional or other financing not involving HUD/FHA insured financing.

5. Seller will pay reasonable and customary, but not more than actual, costs of obtaining financing and/or closing (not including broker's commission) in an amount not to exceed ..... ▶ 5. $ n/a

6. Upon sales closing, Seller agrees to pay to the broker identified below a commission of ..... ▶ 6. $ 4,500.00

7. The net amount due Seller is ..... ▶ 7. $ 70,500.00
(Purchase price, Item 3, less Item 4 escrow, if any, less Items 5 and 6)

8. Purchaser ( ) will ( ) will not occupy this property as the primary residence.

9. The sale shall close not later than 60 days from HUD's acceptance of contract
Closing shall be held at Place determined by HUD

10. If Seller does not accept this offer, Seller (X) may ( ) may not hold such offer as a back-up to accepted offer.

11. (X) An addendum is attached hereto and made part of this contract.

12. This contract is subject to the Conditions of Sale on the reverse hereof, which is incorporated herein and made part of this contract.

Certification of Purchaser - The undersigned certifies that in affixing his/her/its signature to this contract he/she/it understands all the contents thereof (including the Conditions of Sale) and is in agreement therewith without protest.

Purchaser(s) (type or print names, social security nos., and sign)
John W. Doe, 000-00-0000 John W. Doe
Mary L. Doe, 000-00-0000 Mary L. Doe

Purchaser(s) Address: 456 Pleasant Lane, Hometown, Peaceful 00000
Phone No.: (303) 000-0000
Date Contract Signed by Purchaser(s): 5/31/90

Seller, Secretary of Housing and Urban Development
By: (type name and title, and sign)
X

Date Contract Accepted by HUD:

Certification of Broker - The undersigned certifies that: (1) neither he nor anyone authorized to act for him has declined to sell the property described herein to or to make it available for inspection or consideration by a prospective purchaser because of his race, color, religion, sex, or national origin; (2) he has executed and filed with HUD, form HUD-9556, Joint HUD-VA Nondiscrimination Certification (Sales Broker); and (3) he is in compliance with HUD's earnest money policy as set forth in Agreement to Abide executed on April 1, 1990.

Name and Address of Broker (Include Zip Code): Name and address of selling broker**
Social Security No. or Employer ID No. of Broker (Indicate Type Number): 000-00-0000
Area Code & Phone No. of Broker: (303) 000-0000
Signature of Broker: X Sam Broker

This section for HUD use only. Broker notified of:
☐ Acceptance ☐ Back-Up No. _____
☐ Rejection ☐ Return Earnest Money Deposit
By: X
Date:

Previous Editions are Obsolete
Original
form HUD-9548 (7/89)
ref handbook 4310.5

1/91

2 APPENDIX

CERTIFICATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC INFORMATION RELEASE
MAILING LIST REQUEST

Typed Name of Real Estate Sales Organization	Signature of Owner or Corporate Official	Title

Street Address	City	State	Zip Code

Date Mailed	Date Returned	Broker's License No.	Telephone No.

Please place or retain the above named firm on HUD's mailing list for the Public Information Release (PIR) containing information on the sale and rental of HUD-owned properties.

A. ☐ I am a signatory of a voluntary affirmative marketing agreement between HUD and _____ (Name of Organization).

B. ☐ I have signed a Joint HUD-VA Nondiscrimination Certificate Form, HUD-9681 which is on file in your office with our Area Management Broker Contract.

(**Note:** If Part A or B has been checked, Part C does not have to be completed. Part C will have to be completed and signed by an authorized member of the requesting organization if Part A or B is not checked. If the form is not returned within 30 days from the date mailed by HUD, HUD will assume that the requesting organization no longer elects to have its name placed or retained on HUD's PIR mailing list.)

C. ☐ **JOINT HUD-VA NONDISCRIMINATION CERTIFICATION, FORM HUD-9556 (SALES BROKER)**

(**Note:** The use of the pronouns, he, him, or his shall be construed to mean she, her, or hers, as appropriate)

The undersigned broker participating in the sales of HUD- or VA-owned properties agrees that neither he nor any of his sales or rental personnel, employees, or others authorized to act for him will, in violation of Title VIII of the Civil Rights Act of 1968 (the "Fair Housing" Title VIII of Public Law 90-284) or Executive Order 11063, decline to show or will discriminate in the sale or rental of any property now or hereafter listed with him.

It is further agreed that the undersigned will: **1. refrain from discrimination** on the basis of race, color, religion, sex or national origin in the sale or rental of property; **2. instruct their staffs in** the policies of nondiscrimination and all applicable local, State, and Federal fair housing laws; **3. prominently display** the Fair Housing Poster in all offices in which sale and rental activity takes place; **4. use the HUD-approved Equal Housing Opportunity logo,** slogan, or statement in all advertising in conformance with the Advertising Guidelines for Fair Housing; **5. utilize any available minority media** (in addition to other media that is used) when advertising HUD- or VA-owned properties; and **6. maintain a nondiscriminatory hiring policy** in affirmatively recruiting from both minority and majority groups for staff.

The undersigned agrees that noncompliance by him or any employee of his organization with the laws, executive orders, or regulations against discrimination in the sale or rental of any property or with this certification will be proper basis for barring the undersigned from participation in the program of selling, renting or managing the HUD- and VA-owned properties. The undersigned understands that such determination of debarment by either HUD or VA shall be honored by both.

Name of Owner or Corporate Official	Title	Date

3 APPENDIX

EARNEST MONEY POLICY AGREEMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AGREEMENT TO ABIDE BY HUD'S EARNEST MONEY POLICY

As a condition to participate in HUD's single family property sales program, I agree to abide with that Department's earnest money policy.

Should HUD instruct me to collect earnest money deposits from prospective buyers, I agree to do so at the time the contract is written, and, according to HUD's instruction, deposit such funds in my escrow account (or client's trust account) no later than the close of the next banking day, or, forward such deposits to HUD with the contract.

I understand that I am fully responsible for any deposit accepted and placed in my escrow account (or client's trust account). I also understand that any deposit accepted and forwarded to HUD with a contract will only be in the form of a cashier's check, certified check, or money order with no termination date or cancellation provision.

Earnest money deposits being held in my escrow account (or client's trust account) shall be accounted for at the sales closing, unless the contract is terminated. I agree to immediately comply with HUD's instructions for the ultimate disposition of each earnest money deposit.

I agree to fully explain to each purchaser, prior to a contract being written, HUD's earnest money forfeiture policy.

I understand that this document will be retained by HUD.

Signed this _____ day of _____, 19_____.

_____
(Signature of Broker)

_____
(Type Name of Broker and Firm)

_____
(Street Address)

_____
(City, State, ZIP)

4 APPENDIX

ADDENDUM TO SALES CONTRACT

LEAD BASED PAINT
HEALTH HAZARD—PROPERTY CONSTRUCTED PRIOR TO 1978
OWNER-OCCUPANT PURCHASER

(This addendum survives the closing of the sale)

RE: _____ _____
(FHA Case Number) *(Property Address)*

_____

This property was constructed prior to 1978 and a lead-based paint health hazard may be present. The following information must be provided to HUD (check and complete as appropriate):

☐ I (we) do not have a child(ren) under the age of seven years.

☐ I (we) do have a child(ren) under the age of seven years. Their names and ages are as follows:

Name	**Age**
_____	_____
_____	_____
_____	_____

(check only one of the following blocks if children under seven are indicated above).

A. ☐ **I (we) understand that within 15 days after acceptance by HUD of my (our) offer to purchase, I (we) will, at my (our) expense, have each of the above-named children tested for an elevated blood level (EBL) and that I (we) will provide these test results to HUD. If I (we) fail to provide the test results to HUD within the 15-day time frame, the *contract will be cancelled immediately* without further notice. Further, I (we) understand that if an EBL condition is identified, and the property tests positive for the presence of lead-based paint, HUD may elect not to treat the property. In such a case, the contract will be cancelled and the earnest money refunded.**

B. ☐ I (we) fully understand that if a blood lead level screening program is not reasonably available, if I (we) refuse to have my (our) child(ren) tested, or, if HUD is unable to test the property for the existence of lead-based paint, I (we) have the option of closing this sale. I (we) hereby acknowledge that this property I (we) am (are) purchasing from the Department of Housing and Urban Development may contain lead-based paint. However, despite this possibility, I (we) elect to close the sale on this property. Further, I (we) agree to hold HUD harmless for this action.

_____ _____
(Signature of Witness) *(Signature of Purchaser)*

_____ _____
(Date) *(Signature of Purchaser)*

_____
(Date)

5 APPENDIX

WATCH OUT FOR LEAD PAINT POISONING

A copy of this article should be given to buyers of homes constructed prior to 1978 when they are submitting an offer.

U.S. Department of Housing & Urban Development

This housing or apartment was built before 1978. There is a possibility that it may contain lead paints. Lead paint is poisonous if eaten. Many children do eat paint flakes and frequently become very sick. You as a parent are in the best position to safeguard your child's health by preventing him or her from eating paint or paint chips. This pamphlet will answer some of your questions about how to know if your child has been eating lead paint and what to do about it.

Lead poisoning is a serious problem in this country. Each year thousands of children under 7 years of age are poisoned when they eat bits of paint containing lead. Children who eat lead can become mentally retarded, blind, paralyzed, or even die. You can safeguard your child's health by preventing him from eating paint chips which may contain lead. The Department of Housing and Urban Development has prepared this pamphlet to make you aware of the problem of lead paint poisoning in the home.

As a parent, you need to know how to prevent the sickness lead paint can cause. You need to know what to do if your child has lead poisoning.

Your child can get lead poisoning by eating paint, dirt, dust, newspaper, or other non-food items containing lead. The most common cause of lead poisoning is lead-based paint. Children can get dangerous amounts of lead from eating even very small amounts of such paint. Unfortunately, usually there are no obvious signs of lead poisoning. Often lead poisoning can seem like a number of other childhood diseases, but if your child has stomachaches and vomiting, has headaches, a loss of appetite, is cranky, or frequently is too tired to play, he may have lead poisoning. Any or all of these symptoms can be signs of lead poisoning. Often, there are no symptoms at all. If anyone tells you that your child has eaten paint chips or plaster, or if you see any of these signs in your child, he should be tested for lead in his blood as soon as possible. Do not wait too long! Your doctor, local clinic, hospital or public health department can test your child for lead poisoning. Blood samples can be taken and tested to tell if your child has eaten enough lead to be harmful. In many communities there are blood screening programs operated by local health departments, but screening is usually conducted in older areas of cities where lead-based paint and poisoning is most common. Testing for lead takes only a matter of minutes.

Blood screening programs are usually free and will test children for lead even if they show no symptoms of poisoning and have not been seen eating paint. A number of blood screening programs are supported by local health departments. If you are unaware of a screening program in your area, call your public health nurse or social worker at the local health department.

If tests show that your child has a high level of lead in his blood, he will need medical supervision and possible treatment. If treatment is necessary, your doctor, a local clinic, or hospital will be able to remove the lead in his blood. Such treatment may be paid for by your local health department. If testing shows that your child has a lot of lead in his blood, the local health department may send someone to measure the lead paint in your home. Standards for treatment of lead hazards in housing vary from city to city. Follow the directions and guidance of your local health department.

Lead paint is not the only cause of lead poisoning. Your child can be poisoned by eating paint, dirt, or other non-food substances containing lead. Young children put many things besides food in their mouths, but if those objects contain lead, poisoning is possible. Your child can get lead poisoning from eating or chewing on non-food items which contain lead, including dirt, newspaper, and even some pottery and furniture. Even common household dust sometimes contains high levels of lead. Lead paint which has weathered and fallen to the ground can collect in dust and soil. Exhaust from automobiles which use leaded gasoline also contains lead which can collect in dust and soil. Children should be discouraged from playing in dust and dirt near busy streets where the lead content in soil is likely to be heaviest.

You should stop your child from eating or chewing paint and other objects that may contain lead. Warn your child of the dangers of eating anything other than food if he is old enough to understand. Make sure that the rest of your family and anyone who babysits for you is aware of the lead paint problem and will prevent your child from eating paint. Often children will eat things if they are bored or hungry. Children are safer if they have activities or toys to keep them busy. If your child is not eating properly, you may want to take him to a doctor.

To prevent peeling paint, most housing units should be repainted every three to five years. Any loose or flaking paint should be removed by scraping or brushing. Cracked walls should be replastered before new paint is applied. If your walls are cracking or peeling now, you may have a lead paint hazard. If you have small children, there are some things you should do immediately to protect them: (1) Get a broom or stiff brush and remove all loose pieces of paint from the walls, woodwork, and ceilings; (2) sweep up all the pieces of paint and plaster; (3) put the sweepings in a paper bag or wrap them in newspaper and put these packages in a trash can; (4) be careful not to leave paint chips on the floor. Always keep the floor clear of loose bits of paint and plaster. Sweeping the floors clean of paint chips is simple, but it is most important. Children can pick loose paint off walls, so be extra careful about keeping loose paint from the lower part of walls where your child can reach. As an emergency measure to protect your child, you can cover up the lower part of walls with adhesive backed paper and you can cover the woodwork which your child might chew with adhesive tape or paper. As an emergency measure, you might also move heavy furniture against walls with peeling paint.

The best way to prevent lead paint poisoning is to keep your home in good shape. Water leaks from faulty plumbing, defective roofs or exterior holes and breaks may admit rain or dampness into the interior of your home, damaging walls and ceilings, causing paint to peel, crack or chip. These conditions should be corrected immediately. Before repainting, all surfaces that are peeling, chipping or loose should be thoroughly cleaned by washing, hand sanding, or brushing the loose paint from the surfaces; then repaint with a non-lead paint; or cover the surfaces with other materials such as nonstrippable wallpaper or paneling. Simply painting over deteriorated paint surfaces does not remove the hazard.

When lead-based paint is removed by scraping or hand sanding, a dust is created, which may be hazardous. The dust can enter the body either by breathing or swallowing it. The use of heat or paint removers could create a vapor or fume which may cause poisoning if inhaled over a long period of time. The removal of lead-based paint should not be undertaken by amateurs and every precaution should be taken to safeguard workers and occupants during the removal process. Whenever possible, the removal of lead-based paint should take place when there are no children and pregnant women on the premises.

Remember that you play a major role as a homeowner and as a parent in the prevention of lead poisoning. Your actions and awareness about the lead problem can make a big difference.

6 APPENDIX

'AS-IS' AGREEMENT

ATTENTION PURCHASER
HUD WILL NOT REPAIR OR BE RESPONSIBLE FOR REPAIRS TO THIS HOME

The sales contract you are to execute contains a provision on the reverse side of Page 1 which warns you that **this property is sold 'AS-IS.'** You must assure yourself that its condition is acceptable for your needs as it exists today.

If you are uncertain about the condition of the property, **you should have it inspected by a professional inspector.** We permit a contract contingency clause for such an inspection. The real estate agent through whom you are submitting the offer can provide you with the form necessary for this contingency.

DO NOT ASSUME THAT THE PROPERTY IS IN ACCEPTABLE CONDITION! If you find that repairs are needed, **YOU MUST MAKE THEM AT YOUR OWN EXPENSE, AFTER CLOSING THE SALE. HUD WILL NOT PAY FOR ANY REPAIRS TO THIS HOME.**

I HAVE READ THE INFORMATION ABOVE AND I UNDERSTAND IT COMPLETELY.

_____ _____
Homebuyer *Date*

_____ _____
Homebuyer *Date*

_____ _____
Real Estate Agent *Date*

Property Address:

_____

_____

_____

FHA Case # _____

7

APPENDIX

PROFESSIONAL PROPERTY INSPECTION ADDENDUM

ADDENDUM TO HUD STANDARD RETAIL SALES CONTRACT FOR the purchase of FHA Case No. _____

_____ _____ _____

address city state zip

[To be signed by Purchaser(s) (hereinafter referred to as Purchaser)]

_____

Purchaser Name(s) (Please type or print)

This contract is specifically contingent upon the professional inspection and approval of the major operating systems of the property. Said inspection shall be at Purchaser's expense. Major operating systems shall be defined as the structural, plumbing, electrical, heating and air conditioning (if any) systems and the roof. No representation as to the condition of the property with respect to the major operating systems is made by HUD, its sub-agents or employees unless such representation is disclosed to the Purchaser in writing.

Purchaser may, at the Purchaser's option and expense, inspect other aspects and components of the property; however, this inspection contingency pertains to the above-described major operating systems only. The appliances (if any) including range, dishwasher, refrigerator, garbage disposal, clothes washer and dryer are not included in the major operating systems inspection and are accepted by Purchaser in "AS-IS" condition. Purchaser is not entitled to cancel the contract if any of these other aspects or components of the property, including appliances, are found to be unsatisfactory.

The plumbing inspection shall be done using the air test method only. The Purchaser shall not de-winterize the plumbing or turn on the water.

In the event the results of the professional inspection of the major operating systems are not satisfactory to Purchaser and Purchaser submits, in writing, a copy of the unsatisfactory inspection report no later than 4:30 p.m. on the tenth (10th) calendar day after the date HUD signs this contract, this contract shall be considered null and void and the earnest money shall be returned to the Purchaser. In the event the tenth (10th) calendar day after the date HUD signs this contract falls on a weekend or Federal Government holiday, the Purchaser shall have until the next regular business day to notify HUD or its agent of the unsatisfactory inspection. In the absence of any receipt of an unsatisfactory inspection report, this contract shall remain in full force and effect.

Regardless of the outcome of the inspection, if the Purchaser does not cancel the contract as indicated above, the Purchaser accepts the property and its appurtenances in "AS-IS" condition.

Purchaser agrees to rely only upon those representatives whom Purchaser may engage to conduct the inspection. Purchaser may not rely upon any representatives of HUD, HUD's agents, sub-agents or employees unless such representations are received in writing directly from HUD, HUD's agents, sub-agents or employees acting in their official capacity. It shall be the sole duty and responsibility of the Purchaser to order, conduct and pay for the professional inspection by representatives of the Purchaser's choosing.

SELLER:

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

SIGNATURE(S):

By: _____
NAME

_____ _____
PURCHASER DATE

SIGNATURE

_____ _____ _____
PURCHASER DATE TITLE DATE

8 APPENDIX

EXTENSION AGREEMENT

PART I—*(To Be Completed By Broker)*

FHA Case Number

Property Address

City State Zip Code

TYPE NAME AND ADDRESS OF BROKER
(Include ZIP Code)

[ ]
[ ]
[ ]
[ ]
[ ]

(Please Locate Address within Corner Marks)

Purchaser(s) Name

Purchaser(s) Name

Broker's Telephone Number

Application has been made to _____
for mortgage financing on the above property. I have been advised that final approval is expected shortly. However, closing cannot be accomplished within the originally agreed upon time frame of _____ days.

On behalf of my client(s), I hereby request an extension of (Specify 15 or 30) _____ days.

Enclosed is a (circle one) certified check/money order, signed by my client(s) in the amount of (Specify $10 per day for each day requested above) $_____ _____, payable to HUD. I understand that this extension fee is nonrefundable but that if this request is denied, the referenced check/money order will be returned.

Signature of Purchaser

Signature of Purchaser

Signature of Sales Broker

Date of Request

PART II—*(To Be Completed By HUD Office)*

Date Request Received

☐ Extension of _____ days approved. Closing must occur no later than _____.

☐ Extension request denied.

Comments:

Signature of HUD Official

Date of Action

9 APPENDIX

FARGO TELEPHONE SYSTEM
Keith L. Elliott, Chief

PROPERTY SALES—239-5666

Randy Clement
Bob Pearson
Jim Lavold

SALES CLOSINGS—239-5666

Micky Plath

HUD CONTRACT CLOSING AGENTS

Bismarck, ND North Dakota Guaranty & Title	223-6835
Dickinson, ND Dickinson Abstract	225-2271
Fargo, ND Title & Escrow	241-8544
Minot, ND Devine Abstract	852-6800
Williston, ND Williams County Abstract	572-3381

FARGO FAX #701-239-5249